

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2000-0048-C - ORDER NO. 2000-547  
JULY 14, 2000

IN RE: Application of UKI Communications,	)	ORDER <i>md</i>
Incorporated For A Certificate of Public	)	GRANTING
Convenience and Necessity to Operate as a	)	CERTIFICATE FOR
Reseller of Intrastate Interexchange	)	LONG DISTANCE
Telecommunications Services and For	)	AUTHORITY AND
Alternative Regulation First Approved in	)	ALTERNATIVE
Docket No. 95-661-C.	)	REGULATION

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of UKI Communications, Incorporated ("UKI" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold interexchange telecommunications services between and among locations within the State of South Carolina as a non facilities-based interexchange telecommunications service provider. In addition, the Company requests that the Commission regulate its business services, consumer card, and operator service offerings under alternative regulation identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Company's Application was filed pursuant to Chapter 9 of Title 58 of the South Carolina Code Annotated, and the Rules and Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed UKI to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the

Notice of Filing was to inform interested parties of UKI's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on June 8, 2000, at 2:30 p.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable William Saunders, Vice Chairman, presided. John J. Pringle, Jr., represented UKI. Adelaide D. Kline, Staff Counsel, represented the Commission Staff.

Joe Vitale, General Manager of UKI, appeared and testified in support of the Application. UKI is a Nevada Corporation that has received authority to operate as a foreign corporation in the State of South Carolina. Upon receiving certification from this Commission, UKI plans to operate as a reseller of intrastate interexchange telecommunications services to subscribers to and from all points in the State of South Carolina. The Company initially plans to provide direct dialed 1+ message telecommunications services and calling card services as a switchless resale carrier to residential customers with the possibility of offering services to business customers in the future.

Mr. Vitale graduated from Southern Polytechnic Institute in Marietta, Georgia, with a Bachelor of Science degree in Engineering. His background includes over twenty years as a business owner, civil engineer, and draftsman. Mr. Vitale offered testimony regarding the Company's technical, financial, and managerial ability to provide telecommunications services in South Carolina. He stated the three key members of the management team have experience in the telecommunications industry. Mr. Rodney A. Harrison will manage UKI's day-to-day

operations on a contract basis. He has over fifteen years of experience in tax planning, financial advising, customization of corporate operations, accounting, and budget preparation. The record reveals Mr. Harrison has experience as a corporate comptroller of a telecommunications company and has counseled various corporations regarding managerial and financial planning. He is also a Certified Public Accountant. Mr. Vitale testified Rodney A. Harrison, Stephen E. Russ and Mark J. Frost will manage UKI's technical operations. Mr. Russ graduated *cum laude* from the University of Tennessee-Knoxville with a Bachelor of Science degree in material Science and Engineering, and has five years of experience which includes computer programming. Mr. Frost has eleven years of technical experience, including software custom control development, quality assurance and technical support responsibilities.

Mr. Vitale offered that UKI was formed in 1999 and is currently in the process of applying for authorization to provide intrastate interexchange services nationwide. Mr. Vitale testified that at the time of the hearing, UKI has received authorization/certification to provide long distance resold telecommunications services in thirty-one states. He stated the Company has not provided any telecommunications services to this date but is in the process of preparing to provide services.

Regarding the Company's technical ability to provide telecommunications services in South Carolina, the testimony reveals UKI will only utilize carriers properly certified by the Public Service Commission. Mr. Vitale testified that UKI has not yet chosen an underlying carrier. The Company's customer service toll free telephone number is 1-877-840-8522 and will be staffed twenty-four hours a day, seven days a week at the Company's headquarters in Las Vegas, Nevada. Mr. Vitale stated that customers would call the same toll free number to report

repair problems which would then be referred to the proper contact person with the appropriate carrier. UKI's customer service contact person is Stephen E. Russ.

Mr. Vitale testified the Company's billing will be performed by a third party company from California. He said UKI's company name and toll free telephone number will appear on the bill and that the Company will research the possibility of offering its customers the opportunity to pay bills on the Company's future Webpage.

The testimony and record reveal that UKI is a start up company that has not yet commenced providing telecommunications services. It maintains a current balance of \$65,968.33 with adequate capitalization to finance UKI's initial telecommunications service offerings. As a switchless reseller, UKI does not own, operate or lease telecommunications facilities. The record reveals it had no lease or ownership obligations at the time of its application. Mr. Vitale stated the Company has access to any financing and capital that would be necessary to conduct its telecommunications operations in South Carolina. The record reveals that UKI will use its existing personnel and financial resources to provide the proposed services. Mr. Rodney A. Harrison is the Company's financial and regulatory contact person.

When the Company markets its services in South Carolina, it will target no particular market segment. Mr. Vitale testified the Company will initially offer its telecommunications services to the residential market with consideration to be given to serving business customers in the future. The record reveals UKI will market its services through advertising in newspapers and the use of local marketing sources. UKI does not plan to use telemarketing at this time but is aware of the Commission's guidelines regarding telemarketing. Mr. Vitale said the Company will

use a third party verification system to assure compliance with all Federal Communications Commission (FCC) and Commission Rules and Regulations.

By its Application and presentation at the hearing, UKI requested several waivers of Commission Rules and Regulations. First, UKI is requesting a waiver of 26 S.C. Code Ann. Regs. 103-610 (1976) so that the Company can keep its records in Las Vegas, Nevada, at its Company headquarters. Mr. Vitale stated that the Company is aware and agrees to abide by the Commission's regulation that requires that these records be made available for examination by the Commission at reasonable hours. UKI also requests waiver of Regulation 103-834 which requires the filing of proforma financial information. As a start up company, UKI does not yet have that kind of information. UKI also requested that it be exempt from any record-keeping rules that might require it to maintain its financial records in conformance with the Uniform System of Accounts. UKI offered that it plans to maintain its book of accounts in accordance with Generally Accepted Accounting Principals ("GAAP"). The Company asserts that the Commission will have a reliable means to evaluate UKI's operations under GAAP. Finally, UKI requests that all of its business service offerings be regulated in accordance with the procedures described and set out in Order No. 95-1734 and 96-55 in Docket No. 95-661-C so that UKI's business services are regulated in the same manner as AT&T Communications of the Southern States.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

### **FINDINGS OF FACT**

1. UKI is organized as a corporation under the laws of the State of Nevada and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. UKI operates as a non facilities-based reseller of interexchange services and wishes to provide its services in South Carolina.
3. UKI has the experience, capability, and financial resources to provide the services as described in its Application.

### **CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to UKI to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.
2. The Commission adopts a rate design for UKI for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. UKI shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. UKI shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, UKI shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. UKI is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. UKI shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If UKI changes underlying carriers, it shall notify the Commission in writing.

8. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. UKI shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order.

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Attachment A shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

9. UKI shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment B, a two page document entitled "Annual Information on South Carolina Operations for Interexchange Companies and AOS'." Be advised that the Commission's annual report for telecommunication companies requires the filing of intrastate revenues and intrastate expenses.

10. With regard to the origination and termination of toll calls within the same LATA, UKI shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by



the toll dial parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. By its Application, UKI requested a waiver of 26 S.C. Code Ann. Regs. 103-610 (1976) so that the Company could maintain its records in Nevada. UKI also requested a waiver of Regulation 103-834 which requires the filing of proforma financial information. Further, UKI requested that the Commission not require it to maintain its financial records in conformance with the Uniform System of Accounts because the Company intends to use GAAP. Finally, UKI requested that all of its business services offerings be regulated under alternative regulation. UKI is granted waivers from: (1) Regulation 103-610 and shall be able to keep its records in Nevada; (2) Regulation 103-834 and does not require the filing of proforma financial information at this time. We grant the Company's request to keep its records according to GAAP and further grant its request that all of its business service offerings be regulated in accordance with the procedures described and set out in Order No. 95-1734 and 96-55 in Docket No. 95-661-C. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

12. Under alternative regulation, UKI shall not be required to state maximum rates (caps) for its business service offerings, consumer card, operator service, and customer network-type offerings. Such rates shall be presumed valid upon filing, subject to the Commission's right within seven (7) days to institute an investigation of the tariff filing, in which case such filing shall be suspended pending further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to UKI also.

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13. This Order shall remain in full force and effect until further Order of the Commission.

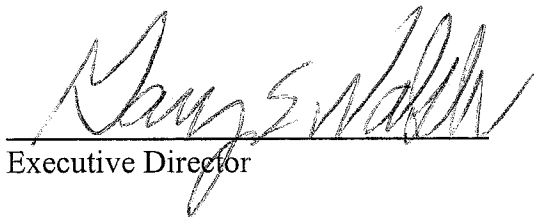
BY ORDER OF THE COMMISSION:



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Chairman

ATTEST:



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Executive Director

(SEAL)

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ATTACHMENT A

## AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

### PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

\_\_\_\_\_  
Company Name ( Including dba Name(s) or Acronyms used or to be used in South Carolina)

\_\_\_\_\_  
Business Address

\_\_\_\_\_  
City, State, Zip Code

A.

\_\_\_\_\_  
General Manager Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

B.

\_\_\_\_\_  
Customer Relations (Complaints) Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

C.

\_\_\_\_\_  
Engineering Operations Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

D.

\_\_\_\_\_  
Test and Repair Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

E.

\_\_\_\_\_  
Contact for Emergencies During Non-Office Hours (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

F.

\_\_\_\_\_  
Financial Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

G.

\_\_\_\_\_  
Customer Contact Telephone Number for Company (Toll Free)

\_\_\_\_\_  
This form was completed by

\_\_\_\_\_  
Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)  
or Utilities Department at (803-896-5105).**

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'**

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<b>COMPANY NAME</b>	<b>FEIN</b>
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<b>ADDRESS</b>	<b>PHONE NUMBER</b>
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<b>CITY, STATE, ZIP CODE</b>	<b>FAX NUMBER</b>
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1. **SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31, 2000 OR FISCAL YEAR. \$** \_\_\_\_\_
2. **SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31, 2000 OR FISCAL YEAR. \$** \_\_\_\_\_
3. **RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS FOR THE 12 MONTHS  
ENDING DECEMBER 31, 2000 OR FISCAL YEAR:**

**Gross Plant in located or allocated to South Carolina operations \$** \_\_\_\_\_

**CWIP located in or allocated to South Carolina operations \$** \_\_\_\_\_

**Land located in or allocated to South Carolina operations \$** \_\_\_\_\_

**Accumulated Depreciation of South Carolina Plant (\$** \_\_\_\_\_ **)**

**Net Rate Base located in or allocated to South Carolina operations \$** \_\_\_\_\_

4. **PARENT'S CAPITAL STRUCTURE FOR THE 12 MONTHS ENDING  
DECEMBER 31, 2000 OR FISCAL YEAR:**

**LONG TERM DEBT \$** \_\_\_\_\_

**EQUITY \$** \_\_\_\_\_

5. **PARENT'S AVERAGE RATE OF INTEREST ON LONG TERM DEBT** \_\_\_\_\_ **%.**

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ATTACHMENT B

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**6. CONTACT PERSON FOR ALL FINANCIAL INQUIRES AND REPORTING:**

NAME \_\_\_\_\_

ADDRESS IF DIFFERENT FROM COMPANY \_\_\_\_\_

TELEPHONE NUMBER \_\_\_\_\_

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS**

**FOR INTEREXCHANGE COMPANIES AND AOS'**

- 7. ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE)(USE BACK IF NEEDED).**

**NAME OF OFFICER SIGNING FORM (PRINT OR TYPE)** \_\_\_\_\_

**SIGNATURE** \_\_\_\_\_

**TITLE** \_\_\_\_\_